

Appendix A

Government Assistance Programs Do Not Include A Significant Portion of Low- Income Individuals

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A. Introduction

This analysis was conducted to illustrate the problems associated with limiting Lifeline eligibility only to those consumers who participate in specified low-income social welfare programs. To this end, this analysis contains summary information about the eligibility requirements of specific programs, enrollment trends, and national poverty demographics.

Governmental social welfare programs aimed at low-income households have become increasingly complex and more restrictive over the past five years. In response to the contraction of entitlement provisions, participation in many of these programs has actually declined. As set forth in the Ameritech tariff, Universal Service Assistance (“USA”) eligibility is available to those customers who participate in AFDC/TANF, Food Stamps, SSI, Medicaid, LIHEAP¹⁹, and Federal Housing (Section 8) Assistance.²⁰ This analysis will discuss the poverty demographics of the United States and then analyze the relationship between income status and participation in each of the qualifying programs.

B. Poverty Demographics

While collective enrollment in low-income programs, such as AFDC/TANF, Food Stamps, Medicaid, LIHEAP and Federal Housing (Section 8), has declined over the past five years, the number of households living in poverty has not decreased to the same extent. Before

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¹⁹ In the Ameritech tariff, Ohio Works First refers to Ohio’s AFDC/TANF program, and HEAP is Ohio’s version of LIHEAP. Ameritech Tariff, P.U.C.O. No. 20, Original Sheet No. 6.1.

²⁰ This analysis does not address the Ohio Energy Credit Program, General Assistance, or Disability Assistance

discussing the relationship between program enrollment and the total number of low-income individuals, this analysis will first describe national poverty levels in general.

Poverty in the United States is measured in two ways. First, the U.S. Census Bureau issues annual poverty thresholds. These thresholds are used for statistical and official purposes. The U.S. Department of Health and Human Services (HHS) also issues annual poverty guidelines in the *Federal Register*. Because the HHS guidelines simplify the thresholds, they are used to determine program eligibility. If income levels are used to determine Lifeline eligibility, the HHS poverty guidelines would be the appropriate measures for determining eligibility. The HHS guidelines for 2000 follow.²¹

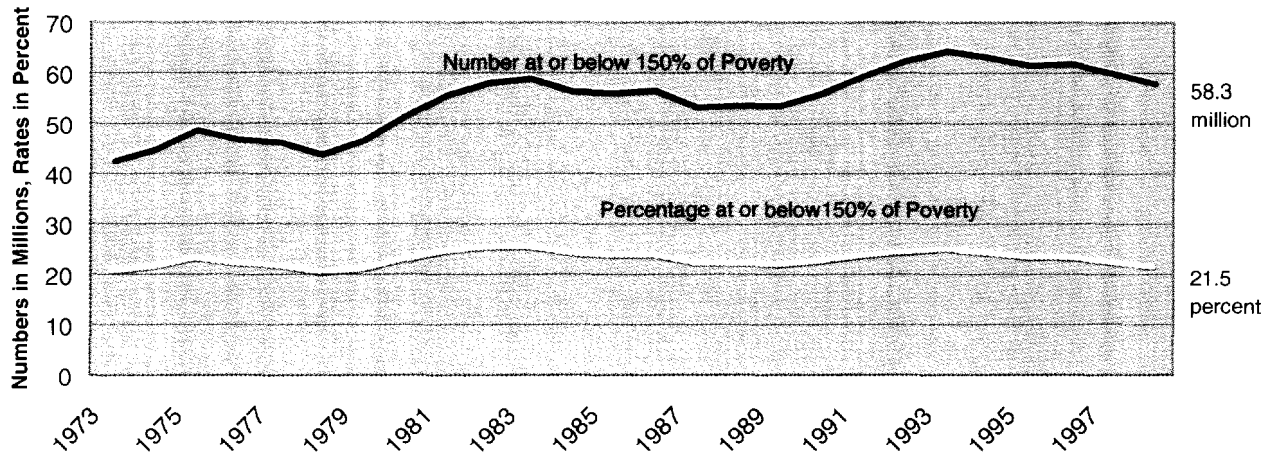
Number in Household	100 Percent of Poverty	150 Percent of Poverty
1	\$8,350	\$12,525
2	11,250	16,875
3	14,150	21,225
4	17,050	25,575
5	19,950	29,925
6	22,850	34,275
7	25,750	38,625
8	28,650	42,975
For each additional person, add	2,900	4,350

The following graph, based on annual U.S. Census data, reveals that the national percentage of those living with household incomes below 150 percent of poverty (number of individuals below 150 percent of poverty divided by the total population) has remained relatively constant since 1973, fluctuating between 20 and 25 percent, depending upon the national economic conditions.

because these programs are state funded, unique to Ohio and difficult to analyze in relation to other states.

²¹ Source: *Federal Register*, Vol. 65, No. 31, February 15, 2000, pp. 7555-7557. These are the 2000 HHS Poverty Guidelines for the 48 Contiguous States and D.C.

Graph 1.1 Number and Percentage of Population At or Below 150 Percent of Poverty



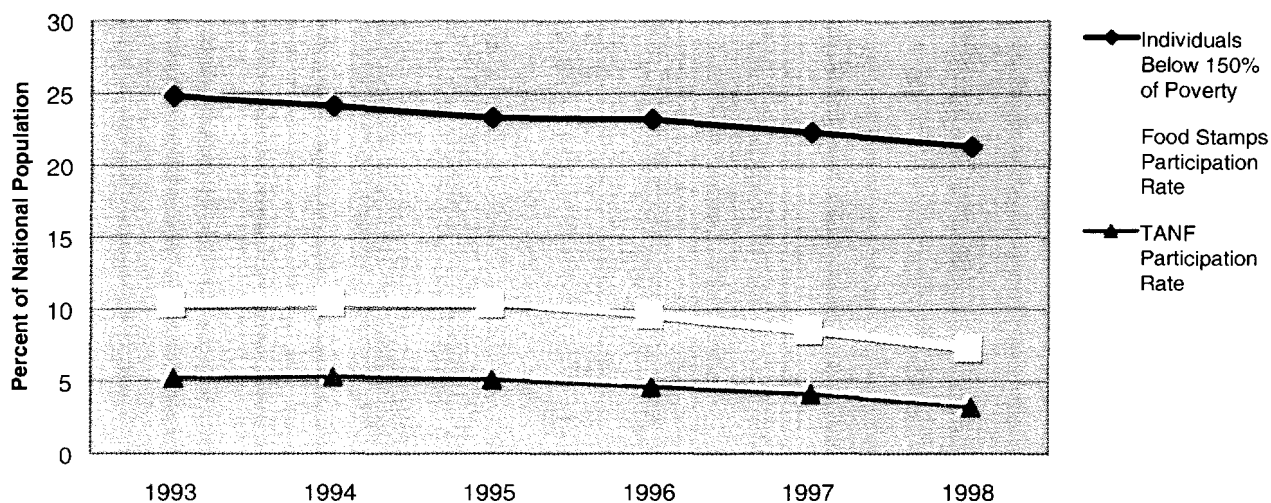
Source: U.S. Census Bureau. March 1973 to March 1998 Current Population Survey.²²

Even though the percentage of the United State's population living below 150 percent of the poverty line has remained between 20 and 25 percent since 1973, the portion of the population enrolled in government assistance programs has declined more substantially. Graph 2.1 will identify the gap that exists between those individuals who participate in these programs and those individuals living in households below 150 percent of poverty.

²² This data was calculated based on the percent of people by ratio of income to poverty level as presented in the *U.S. Census Bureau's Historical Poverty Tables – People Table 5*

and the total population figures presented in Table 6

Graph 2.1 Program Recipients and Poverty Demographics



Source: U.S. Census Bureau, U.S. Department of Health and Human Services Administration for Children and Families, and U.S. Department of Agriculture—Food, Nutrition and Consumer Services²³

According to Graph 2.1, program participation rates for TANF and Food Stamps have been declining along with the overall rate of individuals living below 150 percent of poverty. However, calculating the percent decreases for each of the three lines on the graph shows that there is a significant difference in the relative decline. The percent of individuals living in households at or below 150 percent of poverty has decreased by 14 percent between 1993 and 1998. However, the percent of Food Stamp recipients declined by 30 percent during the same time period. The percentage of the national population receiving AFDC/TANF benefits has declined by 37 percent between 1993 and 1998. Based on information provided by the U.S. Department of Health and Human Services' Second Annual Report to Congress, from 1998 to March of 1999, AFDC/TANF recipients' numbers continued this trend and declined an

²³ U.S. Census Bureau. *Historical Poverty Table No. 5*. U.S. Department of Health & Human Services Administration for Children and Families. *Change in TANF Caseloads*. U.S. Department of Agriculture—Food, Nutrition, and Consumer

additional 16.4 percent in that short period.²⁴

There are numerous reasons that prevent the computation of a simple summation of program participants to compare to the population living below 150 percent of poverty. First, because participation in one program often makes an individual and/or household eligible for another low-income program, it is difficult to determine how many non-duplicative households exist. Second, in some cases it is not possible to determine whether the customer or a child is the eligible household member, especially in the case of SSI or Medicaid. Children are not telephone customers so their participation in a program would not count toward Lifeline eligibility. Third, as programmatic eligibility changes, individuals may suddenly find themselves no longer eligible for a specific qualifying program even though their income has not changed significantly.

C. AFDC/TANF

As part of the 1996 Welfare Reform Act, Temporary Assistance for Needy Families (TANF) replaced Aid to Families with Dependent Children (AFDC) and was implemented on July 1, 1997. The philosophical shift in the program concentrated on moving participants from welfare to work rather than promoting dependence on entitlement contributions. Because States receive federal funding in the form of block grants, they have the opportunity to set eligibility requirements, time limits, and work activity requirements at varying levels in each state.

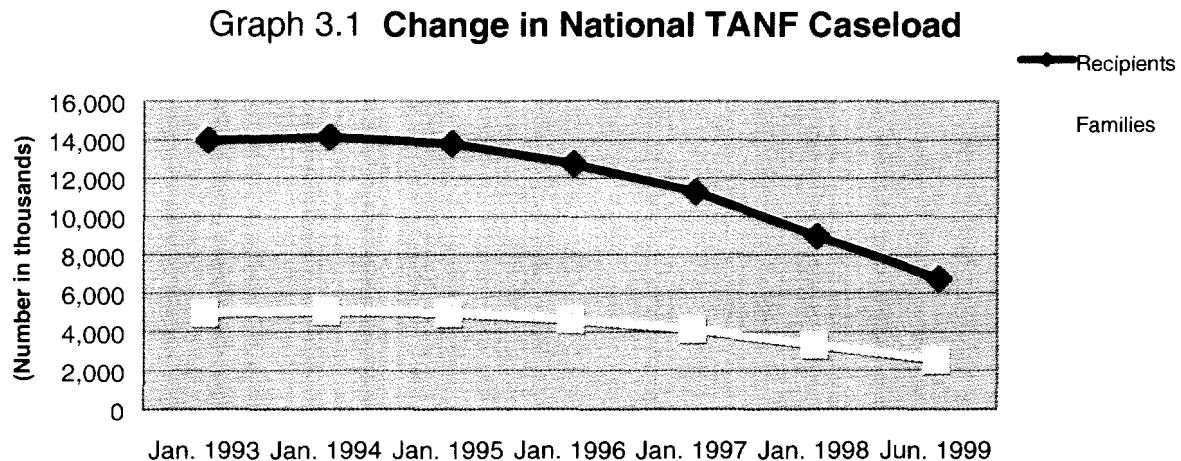
In order for a household to qualify for the time-limited benefits, a household with a child under the age of 18 must pass a complex means test of both income and household resources to determine TANF eligibility. The TANF requirements are stringent, require the adult recipient to

Services. *Food Stamp Participation and Cost*. Washington, D.C.: U.S. Department of Health & Human Services, 1997.

²⁴ U.S. Department of Health & Human Services Administration for Children and Families. *Temporary Assistance*

be involved in work activities within 24 months of enrolling in TANF, and require the discontinuance of benefits after 60 cumulative months of participation.²⁵

Graph 3.1 illustrates the effect of welfare reform on AFDC/TANF caseloads since 1993. During the five and a half year period, the national household caseload for AFDC/TANF has declined 49 percent and the caseload for individuals has decreased 51 percent.²⁶



Source: U.S. Department of Health and Human Services Administration for Children and Families

As the above graph illustrates, the significant decline in the AFDC/TANF caseload began following the implementation of TANF on July 1, 1997. As the TANF time limits begin to apply to more recipients and more individuals find employment, TANF enrollment should continue to decline.

D. Food Stamps

The U.S. Department of Agriculture administers the Food Stamp program. TANF recipients automatically qualify for Food Stamps, and may continue to qualify after leaving TANF. In order to be eligible for Food Stamps, households must meet gross and/or net monthly

for Needy Families (TANF) Program: Second Annual Report to Congress. August 1999. pp. 7.

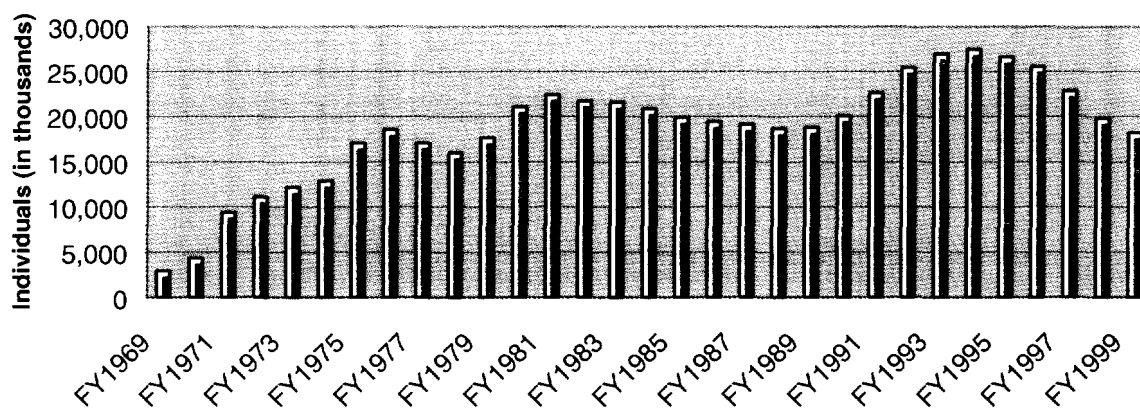
²⁵ TANF Regulations.

²⁶ U.S. Department of Health & Human Services Administration for Children and Families. *Change in TANF Caseloads*. Please note that the graph moves from January 1998 to June 1999, representing a period of 18 months instead of 12 months.

income standards. The net standards are based on 100 percent of poverty. In addition, households have to pass a resource test that examines assets, including the value of the primary automobile.²⁷

As Graph 4.1 illustrates, participation in the Food Stamp Program has also been declining since 1995. Nationally, average monthly household participation declined 29.5 percent (3.2 million fewer households) between FY95 and FY99.²⁸

Graph 4.1 Food Stamp Program Participation



Source: U.S. Department of Agriculture—Food, Nutrition, and Consumer Services²⁹

At this point, it is important to explain that a decrease in participation does not necessarily denote a decrease in need. Rather, because most low-income programs are interrelated, changes to one impact the receipt of another. As traditional welfare has been transformed into the current structure, eligibility has become more restrictive. Benefits from one program can lead to a decrease in the eligibility for another program, e.g. Food Stamps. This

²⁷ U.S. Department of Agriculture—Food, Nutrition, and Consumer Services.

²⁸ U.S. Department of Agriculture—Food, Nutrition, and Consumer Services. *Food Stamp Program: Average Monthly Participation*.

²⁹ U.S. Department of Agriculture—Food, Nutrition, and Consumer Services. *Food Stamp Program Participation*

analysis is not intended to discuss the reasons for the decline in Food Stamp participation, but rather to show that the decrease in participation is not directly linked to a decrease in need.

E. SSI

The Supplemental Security Income (SSI) program is a nationwide assistance program administered by the Social Security Administration (SSA) that guarantees a minimum level of income for needy aged, blind, or disabled individuals.³⁰ Of all the programs currently identified as eligible programs in the “USA” plan, SSI is the only one that has demonstrated an increase in participation over the past five years. In assessing the increase in SSI enrollment, it is important to note that policy changes have opened SSI eligibility to new population groups, including drug addicts, the mentally ill, immigrants, and children.³¹ As Congress and the SSA define additional means of qualifying for SSI, there will be a continuous boost in overall SSI enrollment.

The number of participants in this program may not closely link to low-income levels because characteristics other than income determine eligibility. According to the SSA, poverty guidelines are not used to determine SSI eligibility; instead eligibility is determined by income and asset criteria. Therefore, unlike the other programs, receipt of SSI does not necessarily indicate low-income. Even though SSI average monthly participation has increased 48.6 percent over the past ten years³², there is no way to determine what portion of that participation is directly linked to low-income households. For example, a blind or disabled individual could be the head of a household and receive SSI benefits, but because of income earned by other members, the household could actually have a household income above 150 percent of poverty.

and Costs.

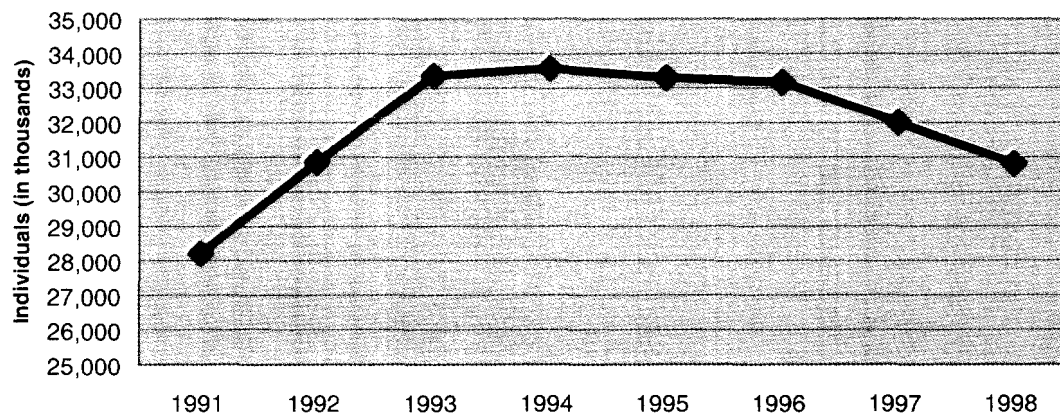
³⁰ Social Security Administration.

³¹ Wright, C.M. SSI: The Black Hole of the Welfare State. 27 April 1995. pp.1.

F. Medicaid

Medicaid is a joint federal and state program administered to provide medical assistance to needy families. Each state establishes its own eligibility criteria and determines the type, amount, duration, and scope of services. As the Graph 5.1 shows, national Medicaid enrollment has decreased by 7.4 percent since 1995.³³

Graph 5.1 National Medicaid Enrollment



Source: U.S. Department of Health and Human Services Health Care Financing Administration

While this graph is helpful, the complexities of Medicaid enrollment make it difficult to determine how enrollment is linked to income. According to the Health Care Financing Agency (HCFA), the division of the U.S. Department of HHS responsible for administering Medicaid, Medicare, and state Children's Health Insurance Programs,

Medicaid does not provide medical assistance for all poor persons. Even under the broadest provisions of the Federal statute, Medicaid does not provide health care even for very poor persons unless they are in one of the groups designated...And low income is only one test for Medicaid eligibility for those within these groups; their resources also are tested against threshold levels as

³² Social Security Administration. *Supplemental Security Income*.

³³ HCFA. *National Summary of Medicaid Managed Care Programs and Enrollment*.
and

determined by each State within the Federal guidelines.³⁴

States also have the option of providing Medicaid to other categorically needy groups. This inconsistency in eligibility across states makes it difficult to determine which recipients are potential Lifeline customers.

It is important to stress that just because a household member is a Medicaid recipient, the family does not automatically qualify for Lifeline. In some cases, Medicaid is available to the children in a household, but not the parents. For example, children under the age of six whose family income is at or below 133 percent of poverty automatically qualify for Medicaid.³⁵ According to the "USA" plan, specifically, the customer (not any member of the household) must be an active participant in one of the designated programs.³⁶ Therefore, total Medicaid enrollment does not truly reflect the number of households that may qualify for Lifeline. Children within a household may be enrolled in Medicaid, but the "customer" would not be eligible so Lifeline assistance would not be given.

AFDC/TANF recipients are guaranteed eligibility for Medicaid for no less than 12 months after leaving the program. However, sample research suggests that a large proportion of families leaving welfare are not continuing to enroll in the Medicaid program for which they still qualify.³⁷ If "customers" end AFDC/TANF benefits but continue to be enrolled in Medicaid, they would still be eligible for Lifeline. However, even though there are several means by which a family can continue to qualify for Medicaid even during employment, a significant proportion of former recipients is losing both AFDC/TANF and Medicaid benefits simultaneously.

³⁴ HCFA. *Medicaid: A Brief Summary*. Washington, D.C.: U.S. Department of Health and Human Services, 1990.

³⁵ HCFA. *Medicaid: A Brief Summary*. Washington, D.C.: U.S. Department of Health and Human Services, 1990.

³⁶ Ameritech Tariff, P.U.C.O. No.20, Original Sheet No. 6.1.

³⁷ Ellwood, M.R. and Lewis, K. *On and Off Medicaid: Enrollment Patterns for California and Florida in 1995*. The Urban Institute, July 1999. pp.1. <http://www.urban.org/Books/HealthCare/OnandOffMedicaid/OnandOffMedicaid.pdf>

Therefore, the chances of qualifying for Lifeline after moving from welfare to work decline further.

G. LIHEAP

Although the Low Income Home Energy Assistance Program (LIHEAP) is funded with federal dollars, states have wide latitude in granting LIHEAP funds. The eligibility maximums equal 150 percent of poverty or 60 percent of state median income. However, the legislation was modified to allow states to set the eligibility ceiling as low as 110 percent of poverty. Households are usually eligible for LIHEAP funds if they participate in TANF, SSI, Food Stamps, or certain needs-based veterans benefits programs.³⁸ Not only is there a lot of inconsistency in state eligibility requirements, but there is also variability within the states themselves. Each component (heating, cooling, crisis, and weatherization) may have different eligibility requirements. For example, in Pennsylvania, income cannot be greater than 110 percent of poverty for a household to receive heat or crisis assistance. However, households with incomes up to 150 percent of poverty can receive LIHEAP weatherization services.³⁹

Based on data provided by the U.S. Department of Health and Human Services Administration for Children and Families and the National Center for Appropriate Technology, LIHEAP assistance declined from FY95 to FY97. Nationally 23.1 percent fewer households received LIHEAP assistance in FY97.⁴⁰ When examining LIHEAP statistics, it is important to note that participation may include duplicated households that received more than one type of energy assistance in any given year.

³⁸ U.S. Department of Health and Human Services Administration for Children and Families LIHEAP. *Applying for Assistance*. <http://www.acluhhs.gov/energy/liheap/apply.htm>

³⁹ LIHEAP Clearinghouse. *State FY2000 Percent of Poverty Guidelines for LIHEAP Components*. <http://www.liheapclearinghouse.org/State%20FY2000%20Poverty%20Guidelines.htm>

⁴⁰ National Center for Appropriate Technology. <http://www.nccat.org/energy/liheap/95-97.htm> and US. Department of Health and Human Services Administration for Children and Families. <http://www.acluhhs.gov/energy/liheap/95-97.htm>

H. Federal Housing (Section 8) Assistance

In determining eligibility for Federal Housing and Section 8 Assistance programs, each household's income is compared to the median income for the county of residence. Therefore, it is extremely difficult to develop national trends to compare to income levels because median income is so variable. However, there is some evidence to suggest that participation in housing assistance programs is declining as well. In 1996, there were 1.326 million available for public assistance. That number dropped to 1.321 million in 1997 and 1.300 million in 1998.⁴¹

I. Conclusion

This analysis has presented a brief statistical overview of the existing trends in low-income program participation and national poverty demographics. As the data illustrate, there is a widening gap between benefit recipients and needy households. By extending the Lifeline benefit to a broader public—those living in households with incomes below 150 percent of poverty—there will be a stronger correlation between receipt and need. As low-income policies become more stringent and stricter regulations lead to further declines in participation, more households will find their benefits continuing to decrease, while household income will continue to hover at or below 150 percent of poverty.

⁴¹ U.S. Department of Housing and Urban Development. *A Picture of Subsidized Housing 1996-1998*.

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION

In the Matter of	:	
	:	
GTE Corporation	:	CC Docket No. 98-184
Transferor,	:	
and	:	
Bell Atlantic Corporation	:	
Transferee	:	
	:	
For Consent to Transfer of Control	:	

I hereby certify that I have this day served a true copy of the foregoing document,
Comments of State Advocates Regarding the Lifeline Plan Proposed as a Merger
Condition, upon the parties listed below in this proceeding.

Dated this 1st day of March, 2000.

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